

BUILDING A BETTER COMMUNITY

FY2015 Budget-in-Brief



CHESTERFIELD COUNTY, VIRGINIA

Chesterfield County 101

Early History: Founded in 1749, Chesterfield County emerged as an important industrial hub as the first place in the nation where coal was mined commercially. As a result of the commercialization of the Midlothian mines, other “firsts” occurred: Midlothian Turnpike, then known as the Manchester or Buckingham Road, was built in 1807 as the first toll road in Virginia. Moreover, in 1831, the first railroad in the area, the Midlothian to Manchester Railroad, was built from the mines to the James River so coal could be loaded on ships to be sent to New York, Philadelphia and other northern cities. Coal mining operations continued through the Civil War, when coal was used in cannon casting at the Tredegar Iron Works in Richmond and the Bellona Arsenal on Old Gun Road.

Government Services: Chesterfield County is divided into five magisterial districts, each of which is represented by one supervisor elected to serve four years. The Board of Supervisors is responsible for establishing local public policy, raising local resources for the support of County programs and services, and overseeing the conduct of the County’s affairs through its appointed administrative officials. Chesterfield County is a full-service locality comprised of about fifty general fund departments; including, police, (professional) fire, library, parks and sheriff services. In addition, the County supports an award-winning school division, which is governed by an elected school board. The County also provides water and sewer service to residents and businesses through its triple AAA rated utility division. The full range of programs and services provided by Chesterfield County are discussed in further detail throughout this document.

Demographics: The County is ideally located in the mid-Atlantic region of the United States. This strategic location on the eastern seaboard is a valuable asset. It puts area businesses halfway between the major east coast markets, within a one-day commute of 50% of the U.S. population, 65% of the nation’s manufacturing operations and 60% of the corporate headquarters in the country. Chesterfield County is part of the Richmond-Petersburg MSA and is bounded by the cities of Richmond, Petersburg, Hopewell and Colonial Heights. Situated between the James and Appomattox Rivers, Chesterfield’s land area totals 446 square miles (the fourth largest jurisdiction in the state of Virginia) and consists of a pleasant mix of suburban communities that are within a two-hour drive of Virginia beaches, the Blue Ridge Parkway and Wash., D.C.

Snapshot from the 2012 Citizen Satisfaction Survey

Transparency in government is steadily improving— Up almost 16% from 2008, 55% of residents give the County favorable ratings when asked whether they believe the County seeks their views and opinions before making major decisions.

Great place to raise children— 94.2% rate the County as a good place to raise children.

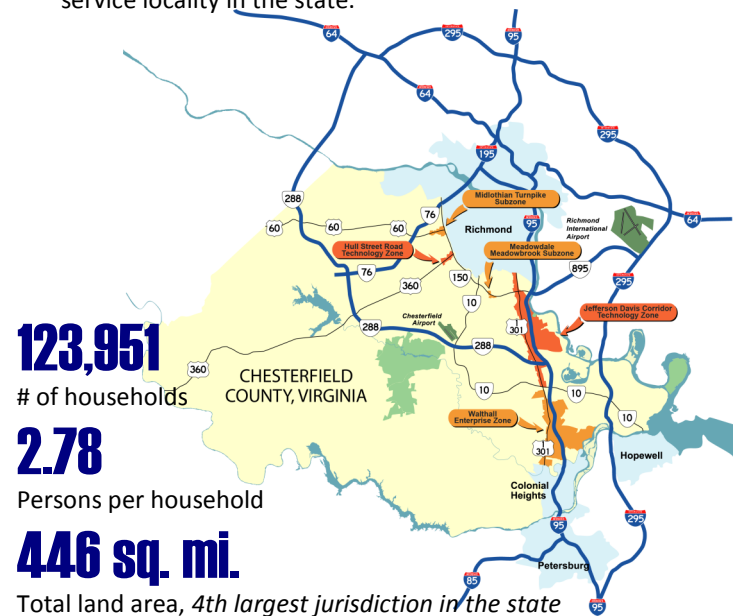
Residents enjoy an outstanding quality of life— 94.3% rate their overall quality of life as good to excellent.

Complete survey results can be found on chesterfield.gov

FIRST CHOICE Reputation:

Chesterfield is widely recognized for its high quality, low cost program and service portfolio.

- As shown below, the Citizen Satisfaction Survey results show that 94.3% of residents rate their overall quality of life as good to excellent
- America’s Promise has recognized Chesterfield County as “One of the 100 Best Communities in America for Young People” for six consecutive years
- The County is one of only 34 triple AAA rated counties in the U.S.
- Chesterfield County continues to be **THE** lowest cost full service locality in the state.



123,951

of households

2.78

Persons per household

446 sq. mi.

Total land area, 4th largest jurisdiction in the state

328,000

Population, 4th most populated jurisdiction in the state

39.4%

% of Chesterfield residents with a bachelor’s degree or higher, compared to 28.5% nationally

\$72,363

Median household income, compared to state avg. of \$63,636

\$233,400

Median value of owner-occupied housing units

Source: U.S. Census Bureau and Chesterfield County Planning Department

FY2015 General Fund Budget Highlights

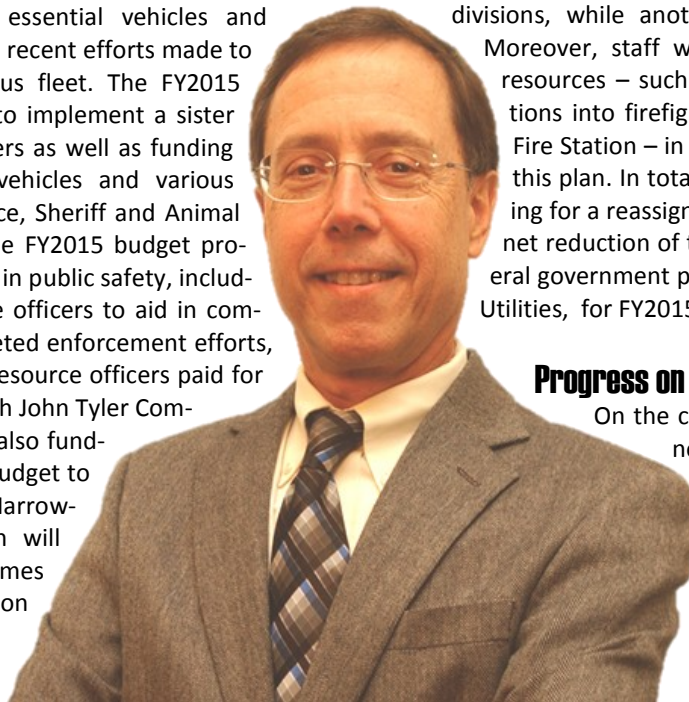
"I firmly believe that this plan will strengthen core services, improve quality of life, uphold the County's reputation for responsible fiscal stewardship, and, ultimately, ensure that this community remains in good standing for the next generation." — *James J. L. Stegmaier*

Focus on a FIRST CHOICE education.

With a priority focus on the school division, the adopted general fund transfer to schools is about \$14.5 million, or 4.8 percent, higher than last year's total. As a result, the FY2015 plan reduces the division-wide pupil-to-teacher (PTR) ratio by one, provides a one percent merit for eligible school staff, opens the second career and technical center at old Clover Hill High School, begins to restore the appropriately funded status of the state managed teacher retirement plan, and starts a multi-year effort to update the division's bus fleet.

Continued investment in public safety.

Much of the emphasis remains on establishing adequate replacement funding for essential vehicles and equipment, similar to the recent efforts made to update the fire apparatus fleet. The FY2015 plan includes resources to implement a sister program for police cruisers as well as funding for medium duty fire vehicles and various equipment needs in Police, Sheriff and Animal Control. Furthermore, the FY2015 budget provides nine (net) positions in public safety, including four additional police officers to aid in community policing and targeted enforcement efforts, along with two campus resource officers paid for via a new partnership with John Tyler Community College. There is also funding in the Fire and EMS budget to open and operate the Harrowgate Fire Station, which will help improve response times in the southeastern portion of the County.



A balanced approach.

In order to accommodate the goals of the FY2015 plan, while addressing a number of onerous state and Federal mandates and without dramatically altering the County's program and service portfolio, required a balanced approach that includes expenditure adjustments and a \$0.01 increase in the real estate rate. At \$0.96, the average residential tax bill for (tax year) 2014 will be on par with amounts paid in 2006-2007 in nominal terms, and similar to levels from 2001 on an inflation-adjusted basis. The additional revenue generates dedicated funding for the school division that allows for the hiring of the 100 plus teachers needed to reduce the aforementioned PTR. The balance of the proceeds from the one-cent increase will be used to help restore the school division's pay-as-you-go (non-debt) capital funding program that is used for the maintenance and upkeep of school facilities.

That said, the FY2015 plan also includes more than \$2.5 million in (general government operating) budget reductions, headlined by items like the restructuring of the County's print shop, additional contract negotiations, increased user fees, reductions in training expenditures, and zero-basing of salaries and various operating line items. As a result of those efforts, the overall budgets were reduced in four of the seven divisions, while another was essentially flat to FY2014.

Moreover, staff was able to redirect existing staffing resources – such as converting three print shop positions into firefighters needed to operate Harrowgate Fire Station – in order to meet the personnel needs in this plan. In total, 15 positions were eliminated allowing for a reassignment to front-line areas resulting in a net reduction of two in the number of authorized general government positions, excluding the Department of Utilities, for FY2015.

Progress on infrastructure initiatives.

On the capital side, the FY2015 budget makes notable strides on critical infrastructure initiatives, including the implementation of the school revitalization program (over a nine year window) and the establishment of a reoccurring funding source for local transportation needs.

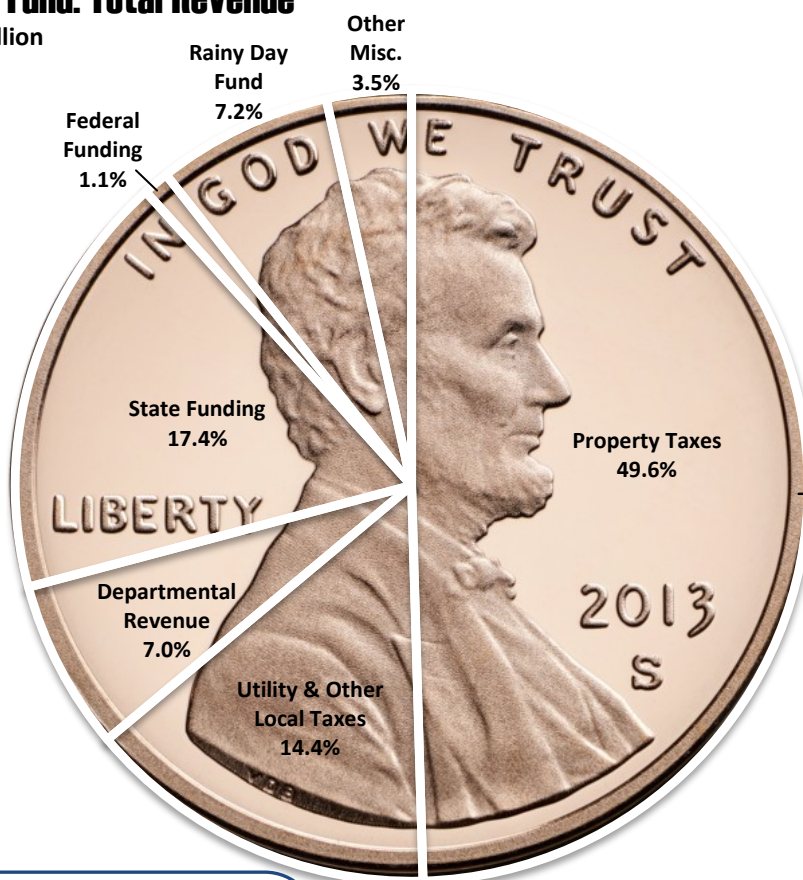
Jay Stegmaier
County Administrator

FY2015 Revenues

FY2015 General Fund

General Fund: Total Revenue

\$766.7 million



Breakdown of funding sources

Property taxes include:

Real estate taxes, personal property taxes (cars, trucks, etc.)

State Funding includes:

Car tax relief, state sales tax, compensation board reimbursement

Other Local Taxes include:

Consumer utility tax, telecom sales tax, vehicle registration fees, local recordation tax, business licenses and local sales tax

Departmental Revenue:

User fees for recreational programming, building permit fees, planning fees, etc.

BUDGET CALENDAR

Summer (June, July, August)

Priority setting/strategic planning

Fall (September, October, November)

Development of departmental budget submissions

December – February

Budget submissions reviewed internally

February

Revenue work session with Board of Supervisors

March

Proposed budget presented to Board of Supervisors and accompanying work sessions

March–April

Community meetings and public hearings

April

Adoption of budget

Understanding how we got here...

- The FY2015 budget employs a balanced approach in order to accomplish the numerous goals in this plan.
- Once again, that mix includes a variety of expenditure reductions and reallocations including: the reorganization of departments, contract renegotiations, increased user fees, reductions in training expenses and the reassignment of 15 support positions into front line areas.
- That said, the FY2015 approach is simply a continuation of longstanding county practices that have helped to cement Chesterfield's reputation as a low cost, high quality community.
- As detailed in the insets below, those practices include aggressively managing long term liabilities and constraining debt levels, which as noted, decreased by \$120 million between 2008 and 2012.

Benefit Reform a Longstanding Mission

2006

Eliminated retiree healthcare benefits for new hires

2010

New hires began paying 5% towards their VRS retirement benefit

2011

County moves to paid time off leave model

2014

Conversion to health care self insurance, including modern high deductible plans and reduction in the dental contribution

2014

New hires enrolled in new hybrid VRS plan with an employer cost of less than 3% of salary

Budget by the Numbers

FY2015 Expenditures

General Fund: Total Expenditures
\$766.7 million

+95%

of growth in the FY2015 budget is being invested in public safety, education and core infrastructure such as roads

Understanding your tax \$1



Breakdown of programs and services

*The County unassigned fund balance level was adopted at 8.1% for FY2015.

Education: Chesterfield County Public Schools (this represents the transfer from the general fund to the school division)

Public Safety and Administration of Justice: Police, Fire & EMS, Sheriff, the 911 call center, Animal Control, the Courts, Circuit Court Clerk and Commonwealth's Attorney

Human Services: Social Services, Mental Health, Health Dept, Senior Advocate, Juvenile Detention Home/Probation, Community Corrections and Cooperative Extension, Parks and Recreation, Libraries

Support Services: General government operations include functions such as Human Resources Management, County Attorney, Information Technology, Purchasing and Accounting

Community Development: Building Inspections, Planning, Economic Development, Environmental Engineering and Transportation

Tax rate snapshot

\$0.96

New tax rate in effect for June 2014 real estate property tax billings

\$0.13

Is the reduction in the real estate rate since 1997 even with the \$0.01 increase

2006—2007

On a nominal basis, the average real estate bill for 2014 is comparable to the amount paid in 2006—2007

2001

On an inflation adjusted basis, the average real estate bill is comparable to the amount paid in 2001

Diligently Managing Outstanding Debt



Federal Debt

+\$5.2 Trillion
Up 45% from 2008 to 2012



Virginia Debt

+\$1.9 Billion
Up 39.7% from 2008 to 2012



Chesterfield Debt

-\$120 Million
Down 17% from 2008 to 2012

Strategic Planning and Priority-based Budgeting

MISSION

Providing a FIRST CHOICE community through excellence in public service

VISION

To be an extraordinary and innovative community in which to live, learn, work and play

VALUES

Results
Innovation
Service
Ethics

Chesterfield County is committed to the process of strategic planning and depends on the Strategic Plan to guide decisions for resource allocation. Chesterfield County's strategic planning process forms the foundation for the delivery of County programs and services. The County believes that before it can allocate available resources, it must understand its priorities and the factors that will affect them in the future. Chesterfield County's Strategic Plan ensures that these efforts are purposefully designed and focused to meet the present and future needs of the County. The Strategic Plan aligns programs and services with guiding values to provide excellent customer service to the Chesterfield community.

The Strategic Plan is a dynamic document. Since its inception in 1997, the Plan has gone through multiple iterations, and regular updates have reflected the citizens' advancing priorities for a FIRST CHOICE community. The most current plan, completed in the summer of 2013, further advances and refines the Vision and Mission for Chesterfield County with a focus on five goals. The Plan was built on the values of results, innovation, service, and ethics. There is an intentional focus on reducing complexities and working to build a better government. The Plan values employee and resident collaboration and sets expectations of responsibilities for all of the County's stakeholders.

During the course of updating the strategic plan (*in 2013 for FY2015 which begins July 1, 2014*), particular attention was placed on strengthening the connections between the broad organization-wide Plan goals and resource allocation outcomes at the department and even program levels. That effort produced an organizational framework known as Blueprint Chesterfield, which establishes departmental and divisional priorities that are designed to help individual busi-

blueprint CHESTERFIELD

Blueprint Chesterfield establishes the system for identifying priorities, assessing how the County is doing in accomplishing those priorities and investing accordingly.

ness units connect to the overall County mission.

This alignment process began with the crafting of divisional priorities. In Public Safety, for example, the broad Plan goal, "Safety and Security", is converted to divisional priorities such as placing focus on reducing community risk. Based on those divisional priorities, departments were then tasked to develop their own individual priorities in order to operationalize those objectives. In the Fire Department, reducing community risk resulted in a departmental priority to "improve emergency service coverage and response times", which can then be linked to the budget decision to fully fund and staff the new Harrogate Fire Station that will improve response time for residents and businesses in the southeastern portion of the county. The priorities for each division and department are published with each respective area throughout the document.

Moving forward, the next phase of Blueprint Chesterfield will incorporate measures in order to help track progress on divisional and departmental priorities. Work on this phase is underway now and will be included as part of the FY2016 budget document. In the interim, the next several pages highlight key performance measures for each of the five countywide strategic plan goals, along with significant accomplishments in each of the five areas that are embedded in the adopted FY2015 budget.

Strategic
Plan

Division
Priorities

Department
Priorities

Program
Budgets

Model for excellence in government



FY2015 Highlight: Capital Assets Top Priority

Investing in quality of life and managing capital assets

Providing adequate facilities is a key component in delivering high-quality education and maintaining desirable neighborhoods and property values. In the fall of 2013, Chesterfield County citizens approved the vote to issue \$304 million in bonds to support school facility improvements. The 2013 bond referendum specifically focuses on revitalizing seven elementary schools with an average age of 62 years and two middle schools with an average age of 47 years. It also includes the refurbishment of one high school and one new elementary school to accommodate overcrowding at Watkins and Bettie Weaver. While the proposed meals tax was not approved to aid in funding these projects, Chesterfield County remains committed to taking care of some of its' most valuable assets through project reallocation and scheduling tweaks; the FY2015 budget provides resources to accomplish these school revitalization projects in a nine year window.

2013 Bond Referendum Projects

Elementary Schools:

Beulah, Crestwood, Enon, Ettrick, Harrowgate, Matoaca, Reams, and a new elementary school to be built in the Midlothian area

Middle School:

Manchester, Providence

High School:

Monacan

Definition

Deliver exceptional service with an engaged workforce that effectively manages public assets.

Objectives

- 1.1** Promote financial integrity by effectively and efficiently managing public assets
- 1.2** Require the highest standards of professionalism, ethics and integrity
- 1.3** Understand and respond appropriately to customers' key needs with effective, collaborative solutions
- 1.4** Attract, develop and retain a diverse, high-performing workforce
- 1.5** Think and act regionally to maximize positive outcomes and leverage resources
- 1.6** Foster a safe work environment and minimize risks associated with security and integrity of assets and information

Chesterfield County is one of fewer than 34 counties in the nation to hold AAA ratings—i.e. perfect credit scores—from all three major bond rating agencies.

AAA

Standard & Poor's

Aaa

Moody's

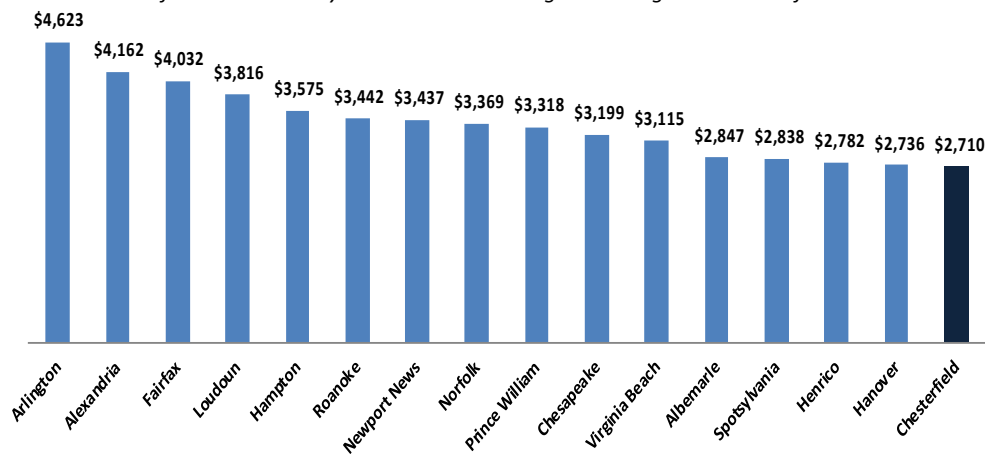
AAA

Fitch

Lowest Cost Full Service Provider FY2013

Expenditures per Capita (Virginia Cities and Counties over 100K in Population)

Part of being a triple AAA locality includes operating efficiently and, as shown below, Chesterfield is the lowest cost full service locality in the state according to the Virginia Auditor of Public Accountants.



Source: Auditor of Public Accounts, Commonwealth of Virginia



Strategic Plan Goal 2

Safety and security

Definition

Partner with residents to provide a safe and secure community through prevention, readiness, and professional response

Objectives

2.1 Enhance community preparedness through prevention

2.2 Increase safety and perception of safety

2.3 Reduce incidents that result in injury, death and property damage

2.4 Reduce the recurrence of incidents that negatively impact county resources

FY2015 Highlight: Improving Service Delivery

Closing the service gap and improving response times for service

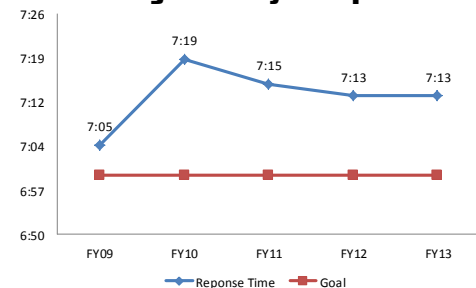
After being delayed by the brunt of the Great Recession, construction of Station 21 (Harrowgate) is now underway and scheduled to open for service in January 2015. The opening of this station will positively improve Fire and EMS response to more than 5,000 properties, and almost 9,000 citizens, in the southeastern portion of the County; of which, almost 1,000 will see a three to five minute response time improvement. Furthermore, this equates to better Fire and EMS protection for nearly \$800 million in property assets, including the nearby Walthall Industrial Park, one of the County's most important commercial nodes. The FY2015 budget provides the resources to fund three additional firefighters and one fire engine in order to operate the Harrowgate station.



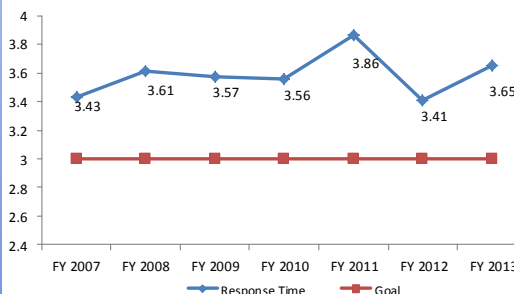
CHESTERFIELD COUNTY
FIRE STATION NO. 21
16901 HARROWGATE RD.
CHESTERFIELD, VIRGINIA

FRONT ELEVATION
2 DECEMBER 2013

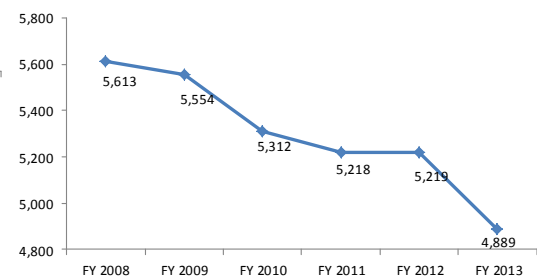
Fire Average Priority 1 Response Time



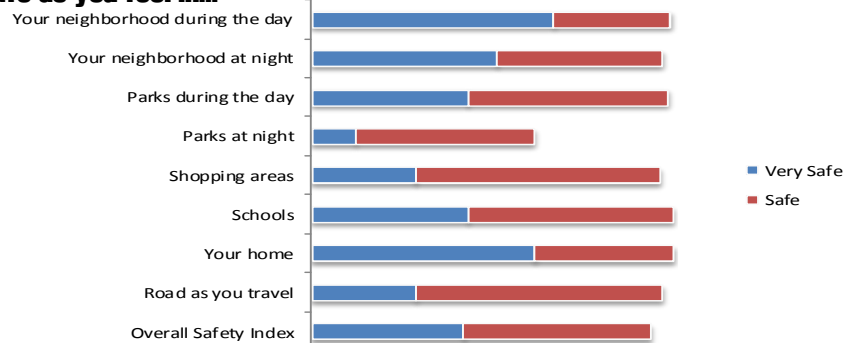
Police Average Priority 1 Response Time



Police Incident Rate per 100,000 population



How safe do you feel in...



Source: 2012 Citizen Satisfaction Survey

0.0% 20.0% 40.0% 60.0% 80.0% 100.0%

Economic prosperity and educational excellence



Sabra Dipping Company:

\$86 million expansion to be completed in 2014—making the Chesterfield location the largest hummus manufacturing facility in the world



In other economic news...

\$1 billion

\$ in business investment since 2007

\$218 million

Total value of economic development announcements in 2013

561

Total number of new jobs created by the 14 new projects and expansions announced during 2013-2014

10,881

Net increase of jobs in Chesterfield over the past 3.5 years

Definition

Promote a business-friendly community to retain and attract businesses, diversify the economic base and create job opportunities for an educated, ready workforce

Objectives

3.1 Attract and retain businesses that provide diverse economic base

3.2 Increase private-sector job opportunities and earning potential

3.3 Streamline requirements for starting and operating a business

3.4 Match workforce skills with business needs

FY2015 Highlight: Investing in the Future

Helping to understand what is PTR and the lasting effects on the County

One of the signature achievements in the FY2015 budget is the additional investment in the school division that allows for the hiring of more than 100 new teachers. The additional teachers will help to reduce the division's average PTR or pupil-to-teacher ratio for the upcoming school year, expand elective offerings at the middle school level and provide enhanced remediation support. Based on the proposed allocation of the new positions, the PTR was reduced by an *average* of one at the elementary level (from 25:1 to 24:1), the middle school level (from 27:1 to 26:1) and the high school level (from 26:1 to 25:1), though the implementation will occur in a more targeted fashion with resources being assigned to the schools with the greatest need.

90%

Graduation rate in Chesterfield County, higher than the 89% state average

75%

Of Chesterfield students passed the math SOL, outperforming the state average of 71%

78%

Of Chesterfield students passed the reading SOL, compared to the state average of 75%

7

Chesterfield County high schools rank in the top 10% of U.S. high schools, according to the 2014 list of America's Most Challenging High Schools



Strategic Plan Goal 4

Healthy living and well-being

Definition

Promote healthy, active lifestyles and foster self-sufficiency that enhances quality of life through physical, mental, emotional and social well-being

Objectives

4.1 Improve self-sufficiency and access to services and resources

4.2 Promote connectedness and increase opportunities for community involvement and education

4.3 Increase healthy lifestyles and reduce chronic disease

FY2015 Highlight: Promoting Active Lifestyles

Participants light up Chesterfield County with the first ever Tacky Light Run

In conjunction with a host of regional partners, Chesterfield County has made significant strides in recent years in its effort to promote a healthy and active community. Chesterfield has partnered with the Metropolitan Richmond Sports Backers on several recent initiatives, including the inaugural Tacky Light Run last December. CarMax and Sports Backers, in partnership with the County's Parks and Recreation Department, sponsored the event, which provided a fun and healthy holiday activity for an estimated 5,000 participants. Overall, the sports tourism program has proved to benefit the County on many levels. Whether our residents or visitors were participants or cheering in the crowd, involvement in this type of activity helps to build healthier and more connected communities. In addition, sports tourism events have resulted in a record number of



visitors to our various sport venues, as well as providing a welcomed boost to the local economy through increased hotel occupancy and visitor spending, which totaled an estimated \$21.9 million in calendar year 2013. The FY2015 budget provides funding to continue work in this area, headlined by another partnership with Sports Backers aimed at delivering an Active Living Plan for Chesterfield County.

4.6 million
of park visitors

\$21.9 million
Local impact of sports tourism

252,000
of library card holders

198,599
of Parks and Recreation programs participants



Pocahontas State Park

— the state's largest park — boasts nearly 8,000 acres in the heart of Chesterfield County. Some of Pocahontas State Park's facilities include a pool, the 200 acre Swift Creek Lake, camp sites and cabins, an amphitheater and more than 80 miles of trails for hiking and biking. In May 2014, the Richmond Region Ride Center was selected as a Bell Helmet grant recipient. The grant will provide up to \$100,000 to rehabilitate 15 miles of existing trails and to construct an additional 20 miles of trails at Pocahontas State Park.

In addition to these singletrack trails, the project will develop a new gateway trail with two loops suitable for novices, children, handcycles, and bicycles pulling child-trailers.

Strategic Plan Goal 5



Thriving communities and environmental stewardship

Goal 5 champions the provision of safe and lasting infrastructure. Recent efforts and recognitions of that work include:



Investment in Local Roads

The FY2015 plan establishes a new, dedicated revenue source (\$20 increase in the vehicle registration fee) for local transportation needs. The new revenue, when paired with the state match, will provide \$13-14M in annual road funding in Chesterfield County.

This revenue sharing program has provided key transportation improvements in recent years such as the extension of the Powhite Parkway.

Maintaining Existing Assets

The Falling Creek Dam was recognized as 2013 Best Maintained Publicly Owned Dam in Virginia. The award was presented by the Virginia Lakes and Watershed Association and DCR.



FY2015 Highlight: Managing Stormwater Runoff

Addressing federal and state mandates at the local level

Stormwater management is a countywide service to manage the amount (quantity) and cleanliness (quality) of stormwater runoff within the County. Stormwater includes the surface flow, or runoff, from all properties that occurs from rain or snow. This runoff, which contains pollutants, flows over land or streets to a drainage collection system until the runoff reaches County streams and lakes. Ultimately, this runoff makes its way to the James River and the Chesapeake Bay. As a result of the role stormwater plays in contributing to the pollution of the Chesapeake Bay and local streams, there are new federal and state regulations, the Virginia Stormwater

Management Program (VSMP) and the Chesapeake Bay Total Maximum Daily Load (TMDL), that require localities to take significant additional steps to reduce the impacts of stormwater runoff. Beginning in FY2015, these mandates require increased efforts to inspect existing facilities, improve maintenance and monitoring, and reinvestment in new and existing facilities to help reduce the impacts of stormwater runoff in the County. The FY2015 budget provides resources to complete year-one projects in order to comply with the TMDL mandate as well as resources to assume VSMP operations from the state.

Definition

Enrich quality of life, preserve natural resources and enhance community attractiveness through stewardship of the natural and built environment

Objectives

5.1 Facilitate quality, well planned, well designed communities which respect the natural environment

5.2 Foster an environmentally responsible community and county government

5.3 Adopt a collaborative approach to community revitalization

5.4 Provide an innovative, safe and lasting public infrastructure based on best practices



Chesterfield County Board of Supervisors

James "Jim" Holland, *Chairman*
Dale District

Steve A. Elswick, *Vice-Chairman*
Matoaca District

Daniel A. Gecker
Midlothian District

Dorothy Jaeckle
Bermuda District

Art Warren
Clover Hill District

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